

1 UNITED STATES DISTRICT COURT  
2 NORTHERN DISTRICT OF CALIFORNIA  
3 SAN JOSE DIVISION  
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6 IN RE: HIGH-TECH EMPLOYEE )  
7 ANTITRUST LITIGATION )  
8 ) No. 11-CV-2509-LHK  
9 THIS DOCUMENT RELATES TO: )  
10 ALL ACTIONS. )  
11 \_\_\_\_\_ )  
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14 CONFIDENTIAL  
15 VIDEO DEPOSITION OF STEPHANIE SHEEHY  
16 March 5, 2013  
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19 REPORTED BY: GINA V. CARBONE, CSR NO. 8249, RPR, CCRR  
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09:51:23 1 Q. Your current job title isn't compensation  
09:51:28 2 manager?

09:51:29 3 A. That's an informal one.

09:51:35 4 Q. What do you mean by that?

09:51:41 5 A. It is a reflection of what I do, but it is not  
09:51:48 6 formally my title in our system.

09:51:54 7 Q. What was the time period that you were an HR  
09:51:58 8 analyst?

09:51:59 9 A. I don't remember the actual time period. I  
09:52:02 10 don't -- obviously when I started until I got the  
09:52:06 11 promotion, and I don't remember when that was.

09:52:18 12 Q. It was, however, your first job title at Pixar  
09:52:22 13 when you started in 2004?

09:52:25 14 A. 2005, yes.

09:52:29 15 Q. 2005. Okay.

09:52:36 16 You started Pixar in 2005?

09:52:37 17 A. Yes.

09:52:49 18 Q. Was there any gap in your employment between EA  
09:52:58 19 and Pixar?

09:52:59 20 A. Yes.

09:52:59 21 Q. What did you do during that time?

09:53:01 22 A. Traveled, slept, just existed.

09:53:08 23 Q. Sounds like good times.

09:53:24 24 How did you get promoted from HR analyst to  
09:53:28 25 manager of HR?

09:53:31 1 A. My boss came to me when our -- I don't know  
09:53:38 2 what Dan's title was -- when the person who held this  
09:53:41 3 job before me left, and asked me if I would be  
09:53:47 4 interested in taking it.

09:54:06 5 Q. What's your best recollection of when you were  
09:54:08 6 promoted?

09:54:09 7 MS. HENN: Objection. Asked and answered.

09:54:10 8 THE WITNESS: I still don't know.

09:54:12 9 MS. CISNEROS: Q. I mean, can you narrow  
09:54:13 10 it down at all? You have a sense, was it two weeks  
09:54:17 11 after you had your HR analyst job or was it years  
09:54:21 12 after?

09:54:22 13 A. It was not two weeks. I'm sure it was more  
09:54:29 14 than a year after the HR analyst job, but I have no idea  
09:54:32 15 after that.

09:54:38 16 Q. Okay. What were your job duties as an HR  
09:54:57 17 analyst?

09:54:58 18 A. To oversee and administer the salary increase  
09:55:06 19 and equity plans.

09:55:28 20 Q. Did you have any other job duties besides that?

09:55:30 21 A. A lot of analytics, but nothing formal.

09:55:38 22 Q. What do you mean by analytics?

09:55:40 23 A. Some reporting duties, monthly reports.

09:55:47 24 Q. Reporting what?

09:55:49 25 A. Headcount; supply and demand report for the

09:56:06 1 facilities team for people coming on board; termination  
09:56:11 2 reports; and position control report. Those are the  
09:56:17 3 four regular reports. I did other analysis on an  
09:56:26 4 as-needed basis, but that was -- those were one-offs.

09:56:56 5 Q. Can you walk me through each of those reports,  
09:56:58 6 starting with headcount, and describe what they are.  
09:57:01 7 Starting with headcount.

09:57:04 8 A. The headcount report is literally just the  
09:57:07 9 number of employees who are here at the time, and all  
09:57:13 10 their vital statistics: How much they make; their  
09:57:20 11 classification of exemption versus nonexemption; number  
09:57:28 12 of hours worked per week; it included their title; their  
09:57:34 13 employee I.D.; name; and what group they belonged to.

09:57:50 14 Q. Before we move forward, I just want to jump  
09:57:53 15 back and ask a quick question. Is there a formally  
09:57:59 16 titled compensation manager in the HR department at  
09:58:02 17 Pixar?

09:58:06 18 A. There might have been -- my predecessors might  
09:58:11 19 have had that in their title, but I honestly do not  
09:58:16 20 know.

09:58:17 21 Q. So currently there is no officially titled  
09:58:21 22 person called a compensation manager?

09:58:27 23 A. I'm sorry, say it again.

09:58:28 24 Q. There is no person whose title is compensation  
09:58:31 25 manager; you carry out those functions?

10:56:13 1 A. We provide a base salary, we provide a  
10:56:20 2 short-term incentive program, a long-term incentive  
10:56:25 3 program. Those are the primary cash compensation  
10:56:36 4 programs. We, of course, supply benefits too, but some  
10:56:45 5 people don't consider benefits compensation because it's  
10:56:49 6 not cash.

10:57:15 7 Q. What are the short-term incentives that you  
10:57:23 8 provide?

10:57:25 9 A. We have a film bonus program.

10:57:30 10 Q. Anything else?

10:57:33 11 A. That's the primary program is film bonuses.

10:57:39 12 Q. Is that the only program that's short-term --

10:57:42 13 A. It's the only program, yes.

10:57:45 14 Q. Is there anything that's a short-term incentive  
10:57:48 15 besides a film bonus?

10:57:50 16 A. On occasion, there is a discretionary bonus.  
10:57:55 17 But that's not a program, and it's on a one-off basis.

10:58:18 18 Q. Besides a film bonus and the discretionary  
10:58:22 19 bonus, is there anything else that is a short-term  
10:58:26 20 incentive that Pixar provides its employees?

10:58:42 21 A. There is a patent bonus program, but it's not a  
10:58:50 22 formal program, and only a handful of people  
10:58:55 23 participate.

10:59:04 24 Q. You've identified the film bonus, the  
10:59:06 25 discretionary bonus and the patent bonus. Are there any

10:59:08 1 other short-term incentives?

10:59:20 2 A. I believe that is it.

10:59:26 3 Q. What types of long-term incentives does Pixar  
10:59:29 4 provide?

10:59:31 5 A. We have a --

10:59:33 6 Q. Long-term incentive grants. Excuse me.

10:59:36 7 A. I'm sorry, say again.

10:59:37 8 Q. Long-term incentives. Yeah.

10:59:38 9 A. Long-term incentives?

10:59:40 10 Q. Yeah.

10:59:40 11 A. We have a cash --

10:59:41 12 Q. That you are referring to as part of the  
10:59:47 13 compensation.

10:59:48 14 A. We have a cash grant program and an equity  
10:59:50 15 long-term incentive program.

11:00:03 16 Q. By equity incentive program, do you mean stock  
11:00:15 17 options?

11:00:16 18 A. Stock options and RSUs are both -- RSUs being  
11:00:22 19 restricted stock units -- are both vehicles inside our  
11:00:27 20 equity program.

11:00:37 21 Q. What are the factors in determining base  
11:00:41 22 salary?

11:00:45 23 A. I'm sorry, could you be more specific.

11:00:47 24 Q. How is base salary determined for an employee  
11:00:50 25 at Pixar?

11:00:55 1 A. From a recruiting, a new hire, or -- I'm sorry.

11:01:00 2 Q. As a matter of policy --

11:01:01 3 A. As a matter of policy --

11:01:02 4 Q. -- how are base salaries determined for Pixar

11:01:05 5 employees?

11:01:07 6 A. We use survey data for the most part.

11:01:21 7 Q. What do you do with the survey data?

11:01:23 8 A. We use it as a guideline to help us determine

11:01:28 9 the minimum salary/maximum salary for a job.

11:01:58 10 Q. What are salary ranges at Pixar?

11:02:02 11 MS. HENN: Objection. Vague.

11:02:04 12 THE WITNESS: Can you be more specific, please.

11:02:10 13 MS. CISNEROS: Q. You just testified that

11:02:11 14 you use survey data to establish guidelines to

11:02:16 15 establish a minimum and a maximum salary for a job.

11:02:22 16 Would you describe that as a salary range?

11:02:26 17 A. We don't have formal salary ranges. We just

11:02:30 18 look at the data from the surveys and determine the --

11:02:34 19 what we would assume to be the min and what we would

11:02:39 20 assume to be the max on a job-by-job basis.

11:02:52 21 Q. Is it fair to say that when one establishes a

11:02:55 22 minimum salary for a job, and then also establishes a

11:02:59 23 maximum salary for a job, that that is a salary range?

11:03:08 24 MS. HENN: Objection. Foundation.

11:03:14 25 THE WITNESS: We get new data every year, so

11:03:22 1 the range isn't set. It changes when the new data comes  
11:03:29 2 in, so it's not set. That's the right word.

11:03:37 3 MS. CISNEROS: Q. So it's a range, but  
11:03:38 4 it's not a set range? It might change each year you  
11:03:43 5 get new data?

11:03:45 6 A. Correct.

11:03:47 7 Q. There are salary ranges used at Pixar, then,  
11:03:51 8 correct?

11:03:53 9 A. Yes.

11:04:04 10 Q. When you started at Pixar in 2005, were salary  
11:04:07 11 ranges used?

11:04:11 12 A. When I started as an HR analyst, I didn't do  
11:04:17 13 that portion of the job, so I can't speak to that, what  
11:04:21 14 was happening in 2005, because I came on board to just  
11:04:25 15 oversee the increase process. But someone else was  
11:04:33 16 handling that, so I can't speak to 2005.

11:04:38 17 Q. What do you mean "the increase process"?

11:04:42 18 A. I administer the salary increase process --

11:04:45 19 Q. Oh, okay.

11:04:46 20 A. -- but I wasn't responsible for salary ranges.

11:04:54 21 Q. So you are not denying that salary ranges  
11:04:57 22 existed at Pixar in 2005?

11:05:00 23 A. I don't know.

11:05:07 24 Q. Did you come across salary ranges when you were  
11:05:10 25 determining salary increases in 2005?

11:05:13 1 A. I did not see salary ranges when I was hired in  
11:05:17 2 2005 to oversee the salary increase process. If they  
11:05:21 3 existed or not existed, I don't know.

11:05:24 4 Q. Do you have any reason to think that they  
11:05:26 5 didn't exist in 2005?

11:05:28 6 A. I don't know if they did or not. I have no  
11:05:31 7 reason to believe they did or did not exist.

11:05:37 8 Q. My question is a little more specific. Is  
11:05:38 9 there a specific reason that you have in mind to think  
11:05:41 10 that there weren't salary ranges in 2005?

11:05:45 11 MS. HENN: Objection. Asked and answered.

11:05:50 12 THE WITNESS: I'm sorry. Can you ask the  
11:05:51 13 question again.

11:05:54 14 MS. CISNEROS: Q. So you've conceded that  
11:05:56 15 Pixar has used salary ranges. Is there any reason  
11:06:00 16 to think in 2005 Pixar was not using salary ranges?

11:06:09 17 A. I don't know if they were or were not. I have  
11:06:12 18 no reason to think or not think they were or were not,  
11:06:14 19 because I was not privy to that information.

11:06:34 20 Q. When did you first become aware that Pixar used  
11:06:37 21 salary ranges?

11:06:48 22 A. I don't remember when that was. I don't  
11:06:58 23 remember when I found that -- that.

11:07:26 24 Q. How -- let me rephrase. Strike that.

11:07:32 25 What employees are subject to salary ranges?

11:07:42 1 MS. HENN: Objection. Vague.

11:07:45 2 THE WITNESS: Can you clarify, please.

11:07:51 3 MS. CISNEROS: Q. You testified that there  
11:07:52 4 are salary ranges for a job. Are there any jobs  
11:08:02 5 that are salaried that are not subject to salary  
11:08:06 6 ranges?

11:08:17 7 A. There are jobs that do not match data we  
11:08:23 8 receive from our surveys.

11:08:33 9 Q. When a job doesn't match the data that you  
11:08:36 10 receive from the survey, does that mean there are no  
11:08:41 11 salary ranges for that job?

11:08:44 12 A. Correct. There is no formal salary range for  
11:08:47 13 that job.

11:09:09 14 Q. How are base salaries determined for those jobs  
11:09:13 15 that don't have matches?

11:09:16 16 A. We will look at what kind of a job it is and  
11:09:26 17 determine if there is another position inside the  
11:09:30 18 company which of course has different tasks, but similar  
11:09:35 19 responsibilities and level of -- level of  
11:09:38 20 responsibility, and create one using our survey data as  
11:09:48 21 a guide.

11:10:00 22 Q. When you say create one, do you mean create the  
11:10:04 23 base salary?

11:10:06 24 A. Yes.

11:10:07 25 Q. What do you mean create a salary range?

11:10:11 1 A. Create a base salary range.

11:10:27 2 Q. Why do you make a comparison to other Pixar  
11:10:30 3 jobs to establish the base salary range?

11:10:37 4 A. If there's no external data from surveys, and  
11:10:45 5 we need to hire someone, using our internal data -- let  
11:10:55 6 me restate that. That's not correct. Using the  
11:11:00 7 external data as a guide, we create a range for that  
11:11:06 8 unmatched position.

11:11:22 9 Q. I thought your testimony just a moment ago was  
11:11:25 10 that when you don't have survey data, you look  
11:11:32 11 internally to make a base salary range.

11:11:37 12 A. Yes.

11:11:38 13 Q. You look internally to other similar jobs?

11:11:40 14 A. Yes. And I look at the jobs that there is a  
11:11:45 15 match to, and I use that external data as a guide onto  
11:11:50 16 how to make a range for the nonmatched position.

11:11:55 17 Q. Okay. So in addition to looking to internal  
11:11:57 18 jobs that are similar to the nonmatched job, you still  
11:12:02 19 consider some external data?

11:12:06 20 MS. HENN: Objection. Mischaracterizes  
11:12:06 21 testimony.

11:12:08 22 MS. CISNEROS: Q. I'm asking you if that's  
11:12:09 23 what you are saying. I'm trying to understand what  
11:12:11 24 you are saying.

11:12:14 25 I want to know when you have a nonmatched job,

11:12:18 1 how do you determine the salary range?

11:12:21 2 MS. HENN: Objection. Asked and answered.

11:12:29 3 THE WITNESS: When I have a nonmatched job, I

11:12:32 4 look at a job internally that has similar

11:12:37 5 responsibilities, and then I go look at the external

11:12:40 6 data of what that job's range is, and then I apply it.

11:12:46 7 MS. CISNEROS: Q. Okay. Great. Thank

11:12:48 8 you.

11:13:10 9 Why do you rely on other internal jobs to set

11:13:17 10 up a job -- excuse me. Strike that.

11:13:21 11 When you have a nonmatched job, why does it

11:13:29 12 make sense to look at other similar jobs in Pixar to set

11:13:35 13 up the base salary?

11:13:39 14 MS. HENN: Objection. Mischaracterizes

11:13:40 15 testimony.

11:13:44 16 MS. CISNEROS: Q. What's your motive

11:13:45 17 there?

11:13:47 18 A. I'm sorry, my motive for?

11:13:50 19 Q. Why does it makes sense to do that as opposed

11:13:53 20 to --

11:13:53 21 A. Picking the number out of the clear blue sky?

11:13:58 22 Q. Yes.

11:13:59 23 A. Picking the number out of the clear blue sky

11:14:03 24 would -- is insane, so we choose a methodology that

11:14:10 25 makes sense to us, and that's how we do it.

11:14:16 1 Q. Do you feel that that's a fair way to do it?

11:14:18 2 To determine the salary?

11:14:24 3 A. As opposed to picking a number out of the clear  
11:14:26 4 blue sky, I think that's a better method.

11:14:30 5 Q. Okay. How often are salary ranges reviewed?

11:14:40 6 MS. HENN: Objection. Lacks foundation.

11:14:47 7 THE WITNESS: Can you be more specific, please.

11:14:49 8 MS. CISNEROS: Q. Currently, how often are  
11:14:50 9 salary ranges reviewed?

11:14:52 10 MS. HENN: Same objection.

11:14:57 11 THE WITNESS: We get data annually, so they're  
11:15:02 12 reviewed annually.

11:15:10 13 MS. CISNEROS: Q. Since you've been aware  
11:15:12 14 of salary ranges during your time working at Pixar,  
11:15:16 15 have they been reviewed annually?

11:15:21 16 MS. HENN: Objection. Vague.

11:15:26 17 THE WITNESS: Since I have been involved?

11:15:28 18 MS. CISNEROS: Q. Since you've been aware  
11:15:29 19 of salary ranges.

11:15:31 20 A. I can't speak to that because I don't remember  
11:15:33 21 when I exactly became aware of them. I can only speak  
11:15:35 22 to when I became responsible for reviewing them  
11:15:42 23 annually.

11:15:44 24 Q. When did you become responsible for reviewing  
11:15:46 25 them annually?

11:29:03 1 THE VIDEOGRAPHER: Would you like to change  
11:29:04 2 tapes while she's reviewing the document?  
11:29:06 3 MS. CISNEROS: Yeah, let's do that.  
11:29:08 4 THE VIDEOGRAPHER: Just a moment.  
11:29:09 5 We're going off the record at 11:29 a.m. This  
11:29:12 6 marks the end of media No. 1.  
11:29:19 7 (Recess taken.)  
11:38:45 8 THE VIDEOGRAPHER: We're back on the record at  
11:38:46 9 11:38 a.m. This marks the start of media No. 2.  
11:39:00 10 MS. CISNEROS: Q. Do you recognize this  
11:39:01 11 spreadsheet?  
11:39:03 12 A. I'm not off page 1 yet, but I'm getting there.  
11:39:07 13 Hold on just one second, please.  
11:40:49 14 Q. Are you ready?  
11:40:56 15 A. Yes. Can you repeat your question.  
11:41:02 16 Q. Do you recognize this spreadsheet?  
11:41:04 17 A. Yes.  
11:41:06 18 Q. What is it?  
11:41:09 19 A. It is guidelines for our salary increases and  
11:41:12 20 stock option grants for 2006, it looks like. Maybe  
11:41:22 21 2007.  
11:41:28 22 Q. Is this a spreadsheet that you use as part of  
11:41:34 23 your job duties at Pixar?  
11:41:35 24 A. Yes.  
11:41:36 25 Q. Okay. What's the purpose of the spreadsheet?

11:41:48 1 A. To determine -- let's see. To determine salary  
11:42:03 2 increases which were in 2006. And this spreadsheet is  
11:42:12 3 specifically for the technical development, also called  
11:42:24 4 tools sometimes. And then stock option grants in 2006  
11:42:32 5 also.

11:42:34 6 Q. What are the steps that you follow to decide  
11:42:39 7 salary increases?

11:42:43 8 A. I'm sorry, could you be more specific, please.

11:42:45 9 Q. What are the steps that you take to review  
11:42:47 10 salary increases?

11:42:49 11 MS. HENN: Objection. Lacks foundation.

11:42:57 12 THE WITNESS: I'm sorry. The steps I take to  
11:42:59 13 review salary increases? So once they're submitted to  
11:43:03 14 me, my review of them?

11:43:08 15 MS. CISNEROS: Q. Let me step back  
11:43:10 16 further, then. What are the steps to determine  
11:43:13 17 salary increases?

11:43:20 18 A. We determine what the salary pool is, and then  
11:43:27 19 give managers a document similar to this to distribute  
11:43:36 20 those salary increases.

11:43:53 21 Q. Does every manager who decides salary increases  
11:44:01 22 receive a document like this?

11:44:11 23 A. In my tenure, yes.

11:44:21 24 Q. So every manager receives guidelines to make  
11:44:23 25 his or her salary increase decisions?

11:44:29 1 A. In 2006, they received the guidelines on  
11:44:31 2 page 1.

11:44:37 3 Q. That wasn't my question.

11:44:38 4 A. Oh, I'm sorry.

11:44:39 5 Q. Sorry. I can repeat it.

11:44:40 6 A. Please.

11:44:41 7 Q. So every manager receives guidelines to make  
11:44:43 8 his or her salary increase decisions?

11:44:50 9 A. In 2006 they received these guidelines on the  
11:44:55 10 first page. They receive this document -- I don't know  
11:45:05 11 if the word guidelines is quite right.

11:45:14 12 Q. If you turn back to page 1.

11:45:22 13 A. Yes.

11:45:23 14 Q. What does it say in row 3?

11:45:25 15 A. Guidelines.

11:45:27 16 Q. Okay.

11:45:30 17 A. For 2006. This document was for 2006.

11:45:36 18 Q. Does it say that in row 3?

11:45:41 19 A. It says Guidelines for this document from 2006.

11:45:51 20 Q. I'm going to read for the record the text  
11:45:52 21 that's in row 3. "Guidelines."

11:45:59 22 In 2007, were guidelines provided for salary  
11:46:03 23 increases made by managers?

11:46:09 24 A. I clearly put this sheet in in 2006. I do not  
11:46:13 25 remember if there was one in 2007. I may or may not

11:46:17 1 have put this sheet into the 2007 document. But I can  
11:46:26 2 confirm in 2006, obviously, they're here. I don't  
11:46:28 3 remember in 2007.

11:46:39 4 Q. Well, how were salary increases decided in  
11:46:43 5 2007?

11:46:43 6 A. In a similar fashion. But I may not have  
11:46:48 7 included this guideline page.

11:46:51 8 Q. How were they similarly decided?

11:46:56 9 A. I'm sorry. How was what similarly decided?

11:46:59 10 Q. You testified that in 2007, salary increases  
11:47:05 11 were decided in a similar fashion. What do you mean by  
11:47:07 12 that?

11:47:09 13 A. The guidelines were determined in a similar  
11:47:10 14 fashion.

11:47:17 15 Q. So your testimony is that there were guidelines  
11:47:19 16 used in 2007 to determine salary increases? Setting  
11:47:26 17 aside whatever spreadsheet was specifically used for  
11:47:32 18 2006.

11:47:37 19 A. Can you say that a different way, please.

11:47:40 20 Q. My question is not whether or not you used this  
11:47:42 21 spreadsheet that was created for 2006 increases for 2007  
11:47:49 22 increases. My question to you simply is, did you use  
11:47:53 23 guidelines in 2007 to decide salary increases?

11:48:04 24 A. Informally. Maybe we used similar ones to  
11:48:10 25 this, but I imagine -- let me restate that.

11:48:17 1 Similar guidelines were used in 2007.

11:48:25 2 Q. Were similar guidelines used in 2008?

11:48:38 3 MS. HENN: Objection. Vague.

11:48:40 4 THE WITNESS: Can you be more specific, please.

11:48:45 5 MS. CISNEROS: Q. You testified that in

11:48:46 6 2007 similar -- guidelines that were similar to the

11:48:52 7 2006 guidelines were used.

11:48:55 8 My question to you is, in -- with respect to

11:49:00 9 2008 salary increases, were guidelines used that are

11:49:06 10 similar to those here for the 2006 increases?

11:49:19 11 A. In 2008, yes.

11:49:30 12 Q. Same question for 2009.

11:49:33 13 A. In 2009, we were not giving equity. So some

11:49:45 14 guidelines were the same, some guidelines were different

11:49:48 15 because we didn't have an equity section.

11:49:55 16 Q. Setting aside the guidelines for equity, were

11:50:02 17 the guidelines for 2009 similar to the guidelines in

11:50:09 18 2006?

11:50:10 19 A. For salary increases, yes.

11:50:32 20 Q. Were the guidelines for salary increases in

11:50:35 21 2005 similar to the guidelines used for 2006 salary

11:50:40 22 increases?

11:50:42 23 A. I was not employed when 2005 increases were

11:50:46 24 done, so I don't know.

11:50:48 25 Q. Do you have any reason to think that the

11:50:50 1 guidelines in 2005 were different?

11:50:52 2 A. I only know from when I was hired. I don't  
11:50:58 3 have any idea what was before, so I don't -- I don't  
11:51:01 4 know.

11:51:02 5 Q. I'm just asking you now, right now do you have  
11:51:07 6 any reason, any facts in your mind, that might lead you  
11:51:11 7 to believe that the guidelines you used in 2005 were  
11:51:14 8 different from those used in 2006?

11:51:17 9 MS. HENN: Objection. Asked and answered.

11:51:22 10 THE WITNESS: I don't know what the guidelines  
11:51:23 11 were, so I can't speak to if 2006 was similar to 2005.  
11:51:32 12 I only know what -- from my employment forward, that  
11:51:41 13 these were the guidelines we used. I didn't go through  
11:51:43 14 prior documentation, so I don't know what guidelines  
11:51:46 15 were used prior to me being there.

11:51:59 16 MS. CISNEROS: Q. I'm just going to ask  
11:52:00 17 you a yes or no question. Do you have any facts in  
11:52:06 18 your mind that would lead you to believe that the  
11:52:10 19 guidelines used in 2005 were different from 2006  
11:52:16 20 guidelines? Just yes or no.

11:52:18 21 MS. HENN: Objection. Asked and answered.

11:52:25 22 The witness can answer how she sees fit.

11:52:31 23 THE WITNESS: I did not --

11:52:32 24 MS. CISNEROS: Q. Yes or no.

11:52:33 25 MS. HENN: Again, asked and answered.

12:02:55 1 how it worked in his organization.

12:02:59 2 Q. As a matter of policy.

12:03:05 3 A. We don't have a formal policy on these things.

12:03:16 4 So ask it again.

12:03:26 5 Q. Why did Howard review the salary planner's

12:03:31 6 input into the spreadsheet? Was Howard responsible for

12:03:39 7 making sure that the amount of increases that were given

12:03:42 8 didn't exceed the amount in the pool?

12:03:45 9 A. Howard mostly used this as a review tool. If

12:03:57 10 he had a question, he would go talk to that planner or

12:04:01 11 he could make the change. But this is not the salary

12:04:05 12 planners' document, this is a summary document.

12:04:13 13 Q. What would happen if all of the salary planners

12:04:16 14 wanted to give their particular employees high enough

12:04:23 15 increases in salaries that the total amount for all of

12:04:28 16 the employees in the group exceeded the amount available

12:04:31 17 in the pool?

12:04:36 18 A. Then the salary increases would need to go down

12:04:43 19 until they were inside the pool.

12:04:46 20 Q. Who would make that decision?

12:04:50 21 A. Each salary planner kind of understood they

12:04:54 22 needed to stay inside their pool. So if they were

12:05:06 23 outside their pool, they probably would not have sent it

12:05:09 24 to me.

12:05:15 25 Yes, they were within their pool, as a whole,

12:05:20 1 according to this document.

12:05:22 2 Q. Who is "they"?

12:05:23 3 A. These salary planners listed, as a whole, were  
12:05:27 4 inside their pool for this summary document, over by \$3.

12:05:59 5 Q. Was it Howard Look's job to make sure that all  
12:06:02 6 of these salary planners here, as a group, stayed within  
12:06:04 7 the pool as far as their total amount of salary  
12:06:07 8 increases?

12:06:09 9 A. In Howard's summary document, he would be  
12:06:11 10 expected to stay within his pool.

12:06:15 11 Q. Okay. The process of deciding the salary  
12:06:36 12 increases that we see -- let me rephrase that. I don't  
12:06:41 13 want to confuse you or anybody.

12:06:46 14 A. Thank you.

12:06:51 15 Q. This process of allocating salary increases in  
12:06:56 16 the pool that is described here with the technical  
12:07:00 17 development group, did a similar process apply to other  
12:07:05 18 groups of employees at Pixar?

12:07:08 19 A. Yes. There were other salary planners with  
12:07:12 20 their own pools. Yes.

12:07:15 21 Q. How many pools were there?

12:07:17 22 A. I do not recall.

12:07:18 23 Q. In a given year?

12:07:20 24 A. I don't remember.

12:07:23 25 Q. Can you identify certain pools that you knew

12:07:25 1 existed in 2006?

12:07:52 2 A. Yes. There were certain pools that existed in  
12:07:55 3 2006 that I could identify.

12:07:58 4 Q. Please identify them.

12:08:00 5 A. Them all?

12:08:01 6 Q. The ones --

12:08:02 7 A. I can't remember them all.

12:08:03 8 Q. The ones that are coming to your mind when your  
12:08:05 9 face lit up.

12:08:08 10 A. There was one for HR, I know there was a  
12:08:13 11 facilities one, I know there was a finance one,  
12:08:34 12 marketing, other configurations. Those are the ones I  
12:08:51 13 know for sure existed back then.

12:08:54 14 Q. For each of the groups that you identified, HR,  
12:08:57 15 facilities, finance, marketing, would they receive a  
12:09:04 16 similar spreadsheet in 2006?

12:09:09 17 A. Yes.

12:09:11 18 Q. Okay. Would there be a person such as Howard  
12:09:16 19 Look identified for each of those groups?

12:09:23 20 A. I don't remember how the organization was  
12:09:24 21 rolled up at that time. There might be, there might not  
12:09:30 22 be. I don't remember the exact structure.

12:09:37 23 Q. How did each of those groups make sure that  
12:09:40 24 they stayed within the pool that they were allocated for  
12:09:45 25 salary increases?

12:09:48 1 A. Can you be more specific.

12:09:54 2 Q. Each of these groups had a pool allocated to  
12:09:58 3 them for salary increases, correct?

12:10:00 4 A. Yes.

12:10:01 5 Q. They needed to stay within their pool as a  
12:10:04 6 total of all of the salary increases that were awarded?

12:10:07 7 A. Yes.

12:10:12 8 Q. Was there a point person who would ensure that  
12:10:19 9 the bottom line number for that group was within the  
12:10:23 10 pool amount?

12:10:25 11 A. Yes. That was Lori McAdams and myself.

12:10:40 12 Q. Was there ever a problem --

12:10:42 13 A. In 2006, yes.

12:10:49 14 Q. For 2007, were you -- did you and Lori have  
12:10:51 15 a -- the same role as far as making sure that these  
12:10:58 16 salary increases were -- remained within the pool  
12:11:01 17 amount?

12:11:04 18 A. Yes.

12:11:08 19 Q. In 2008, did you both have the same role with  
12:11:13 20 respect to making sure that the salary increases for  
12:11:17 21 these groups stayed within the pool amount?

12:11:24 22 A. Yes.

12:11:29 23 Q. Same question for 2009.

12:11:48 24 A. Could you repeat the question so I know exactly  
12:11:50 25 what I'm answering for 2009, please.

12:11:57 1 Q. Sure. Did you and Lori both have the same role  
12:12:06 2 with respect to making sure that the salary increases  
12:12:08 3 for these groups stayed within the pool amount --

12:12:12 4 A. Yes.

12:12:12 5 Q. -- in 2009?

12:12:14 6 A. Yes. Thank you for repeating that for me.

12:12:17 7 Q. No problem.

12:12:32 8 Was there ever a situation where the salary  
12:12:35 9 planners, in any of these groups that you've identified,  
12:12:37 10 wanted to provide more salary increases than their pool  
12:12:45 11 allowed for?

12:12:52 12 A. I'm sure they all wanted to, but we kept them  
12:12:54 13 to their pool.

12:12:57 14 Q. How did you go about doing that?

12:12:58 15 A. We told them our expectations ahead of time by  
12:13:02 16 providing them a pool, and they knew we expected them to  
12:13:08 17 not spend outside of their pool. And so to the best of  
12:13:15 18 my memory, they stayed within their pool.

12:13:34 19 Q. What are job families?

12:13:41 20 A. Job families are also called job groups, which  
12:13:47 21 I referred to earlier. They are a grouping of  
12:13:57 22 similar -- not similar. That's not the right word.  
12:14:00 23 They're a grouping of employees that sit together in our  
12:14:07 24 structure.

12:14:13 25 Q. Why are the employees grouped together?

12:14:19 1 A. I'm sorry, why are employees grouped together?

12:14:23 2 Q. I can rephrase.

12:14:23 3 A. That would be great. Thank you.

12:14:36 4 MS. CISNEROS: Can we go off the record?

12:14:38 5 THE VIDEOGRAPHER: We're going off the record

12:14:39 6 at 12:14 p.m.

12:14:41 7 (Recess taken.)

12:15:54 8 THE VIDEOGRAPHER: We're back on the record at

12:15:55 9 12:15 p.m.

12:16:04 10 MS. CISNEROS: Q. So we were talking about

12:16:06 11 job families, also known as job groups. How do you

12:16:11 12 decide that a group of jobs should be in the same

12:16:15 13 family?

12:16:20 14 A. Using my facilities example, we determine all

12:16:26 15 the facilities jobs and we put them in a group called

12:16:29 16 facilities. So I don't know how much more specific I

12:16:34 17 can get than that.

12:16:37 18 Q. That's fine.

12:16:38 19 A. Okay.

12:16:51 20 Q. What's the purpose of grouping jobs -- putting

12:16:56 21 jobs together in a family or group?

12:17:05 22 A. It's -- in the case of facilities, it's easier

12:17:09 23 to find all the facilities jobs if you know they're in

12:17:13 24 the facilities group. So it's an easy way to keep them

12:17:26 25 all together.

12:31:27 1 A. No, that's not true. But it's not -- you are  
12:31:36 2 asking a hypothetical question. I would have to  
12:31:39 3 hypothetically know what I would do in some future time  
12:31:42 4 because it hasn't happened to this point.

12:31:45 5 Q. Well, if you are saying that you could  
12:31:46 6 hypothetically -- you could answer the hypothetical  
12:31:48 7 question conceivably, then why can't you answer the  
12:31:53 8 hypothetical question now?

12:31:56 9 MS. HENN: Object to form.

12:32:05 10 THE WITNESS: Hypothetically -- you asked me  
12:32:12 11 not to guess. And anything in the future would be  
12:32:15 12 guessing on what I'd do. So I'm not going to guess.

12:32:30 13 MS. HENN: So it's 12:30. I don't know if this  
12:32:32 14 is a good time to break, but I think we did have lunch  
12:32:35 15 brought in and it's been delivered.

12:32:37 16 MS. CISNEROS: Okay.

12:32:37 17 MS. HENN: It's in a different room.

12:32:38 18 MS. CISNEROS: Okay. Sure. Let's take a break  
12:32:40 19 now.

12:32:43 20 THE VIDEOGRAPHER: We are going off the record  
12:32:44 21 at 12:32 p.m.

12:32:46 22 (Recess taken.)

01:10:31 23 THE VIDEOGRAPHER: We're back on the record at  
01:10:33 24 1:10 p.m.

01:10:58 25 (Discussion off the record.)

01:11:09 1 MS. CISNEROS: Q. Earlier you talked about  
01:11:10 2 using market data to -- earlier you were talking  
01:11:19 3 about -- testifying that you used market data to  
01:11:24 4 establish the salary ranges.

01:11:26 5 A. Yes.

01:11:27 6 Q. Were you referring to Croner survey data?

01:11:32 7 A. Two, actually. We use two. Croner and Radford  
01:11:39 8 are the two that we use.

01:11:41 9 Q. Take me through the steps that you follow to  
01:11:43 10 use that data and make the salary ranges.

01:11:50 11 A. Let me think, is there a big difference between  
01:11:52 12 them? No, we use them pretty much the same, both Croner  
01:11:56 13 and Radford.

01:11:59 14 So we have met with each manager and gotten a  
01:12:01 15 match for all the matches that are matchable. The  
01:12:05 16 employees that are matchable to a job in one of the two  
01:12:09 17 surveys. And we submit our data at certain points  
01:12:20 18 during the year.

01:12:21 19 And then when we get our data back, we compare

01:12:26 20 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

01:13:29 1 Q. You testified that "we submit our data at  
01:13:32 2 certain points during the year."

01:13:34 3 A. Yes.

01:13:36 4 Q. To whom?

01:13:41 5 A. To the Croner company and to the Radford  
01:13:43 6 company. Actually, I think it's Aon is the Radford  
01:13:45 7 company. The Croner company is the Croner survey, but I  
01:13:49 8 think it's Aon is the company that does Radford.

01:13:55 9 Q. [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

01:14:26 17 Q. Are there any other factors that you consider  
01:14:29 18 in setting the minimum or the maximum range besides the  
01:14:34 19 survey data?

01:14:38 20 A. For the matchable jobs, we use that -- the min  
01:14:42 21 and the max as our guideline. So with the external  
01:14:48 22 data, that's mostly what we use to guide us in our  
01:14:53 23 decision making.

01:15:51 24 Q. You testified that you look at where employees  
01:15:55 25 presently are in their salaries with respect to landing

01:29:15 1 A. Which part would you like me to expand on?

01:29:19 2 Q. That you can have an engineer that falls into

01:29:21 3 one -- excuse me, you have an engineer who falls into 2

01:29:26 4 and an engineer that falls into 3; are you simply

01:29:30 5 stating that you can have an engineer at Pixar who falls

01:29:33 6 into level 1 on the Radford matrix and an engineer that

01:29:37 7 falls on level 3?

01:29:39 8 A. Yes. When I am doing a comparison, I can have

01:29:42 9 one software engineer who matches to the Radford data

01:29:48 10 level 2 and another engineer that matches to the Radford

01:29:52 11 level data -- I'm sorry, Radford level 3, but they can

01:29:56 12 both have a software engineer title. Inside my

01:29:59 13 organization, they can have the same title.

01:30:09 14 Q. Okay. Separate from the Radford levels that

01:30:14 15 are level 1, 2, 3, 4, does Pixar have a method of

01:30:22 16 determining who's a more senior or advanced software

01:30:30 17 engineer? Or I guess -- let me rephrase that.

01:30:38 18 Apart from different job titles, is there a way

01:30:42 19 that Pixar will look at all of its software engineers

01:30:46 20 and categorize them into -- according to their skills,

01:30:57 21 their knowledge, and their experience or some similar

01:31:06 22 factors?

01:31:07 23 A. No. We don't classify them that way. We don't

01:31:11 24 have a junior and a regular and a senior, and we don't

01:31:14 25 have a level 1 and 2 and 3. That's not our

01:31:19 1 classification system.

01:31:20 2 Q. What's your classification system?

01:31:22 3 A. They're all called software engineers. And we  
01:31:26 4 don't classify them outside of Radford, which is how  
01:31:30 5 your question started, so I'm just circling back on  
01:31:33 6 that.

01:31:33 7 Q. Okay.

01:31:34 8 A. They're all software engineers.

01:31:36 9 Q. Okay. Do you use the Radford classification  
01:31:41 10 for Pixar purposes separate from getting the data ready  
01:31:48 11 to submit to Radford?

01:31:52 12 A. We don't classify them -- like, if I'm talking  
01:32:00 13 about a software engineer, I wouldn't say, oh, software  
01:32:03 14 engineer level blank, because that's not how we see  
01:32:05 15 them. They're all software engineers.

01:32:08 16 When I'm looking at the data provided by  
01:32:11 17 Radford or to Radford, we look at levels like this, but  
01:32:16 18 otherwise we don't classify them that way. They're all  
01:32:19 19 software engineers.

01:32:24 20 We don't refer to, oh, they're a software  
01:32:27 21 engineer Radford level 3. That's not what we do.

01:32:51 22 Q. What about with respect to Croner? Croner has  
01:32:56 23 a method of classifying job positions?

01:32:58 24 A. Yes.

01:32:58 25 Q. Do you use those job classifications within

01:33:02 1 Pixar for any purpose apart from the -- the --

01:33:12 2 submitting the data to Croner?

01:33:16 3 A. No. Just for Croner, the submitting data to  
01:33:20 4 and getting information back, is the only time we use  
01:33:23 5 the Croner classification system --

01:33:29 6 Q. You don't consider those classifications to  
01:33:31 7 judge whether or not a person is at the right salary  
01:33:35 8 level?

01:33:37 9 A. We use the data that we get back and compare  
01:33:40 10 their current salary to the Croner data, or Radford,  
01:33:45 11 either case, but we don't use it internally, we just use  
01:33:52 12 it compared to the data.

01:33:57 13 Q. Okay. Have there been any changes to the  
01:34:24 14 Radford job matrix scheme, generally?

01:34:28 15 A. Oh, generally, no. There have been changes  
01:34:30 16 between when this matrix existed and what exists now.  
01:34:38 17 They've consolidated, is probably the best word, and so  
01:34:43 18 they have.

01:34:45 19 Q. Consolidated what?

01:34:47 20 A. There was no engineering job matrix. That's  
01:34:49 21 what this is -- I believe what we're calling it. We've  
01:34:51 22 all agreed to call it because that's the title in the  
01:34:54 23 upper-left-hand box. There is no engineering job matrix  
01:34:57 24 any longer in the current Radford system. There is  
01:35:01 25 three different leveling charts; management, individual

01:35:07 1 contributor and support.

01:35:09 2 And all their jobs, regardless, engineering,  
01:35:12 3 all their jobs, they use this one leveling chart. So  
01:35:16 4 this is a chart that they must have used back in the  
01:35:20 5 day, but they do not use it anymore.

01:35:23 6 Q. When did that change happen that you just  
01:35:24 7 described?

01:35:25 8 A. I have no idea. I don't know. I'm sorry. Off  
01:35:29 9 the top of my head, I have no idea. I just know that  
01:35:33 10 this is not what currently exists.

01:35:35 11 Q. Okay. But it did exist at some point, I guess?

01:35:39 12 A. Not in my tenure of doing this work, but if  
01:35:43 13 this came from Radford, then, yes, it must have had --  
01:35:49 14 must have existed.

01:35:50 15 Q. When did you --

01:35:52 16 A. I'm sorry?

01:35:53 17 Q. When did you start working with the Radford  
01:35:55 18 survey?

01:35:55 19 A. When I took over the manager job. And I don't  
01:35:59 20 remember when that is.

01:36:14 21 Q. Did the person before you use the Radford  
01:36:16 22 survey?

01:36:19 23 A. I don't know.

01:36:23 24 Q. Was it introduced to you as a new tool?

01:36:28 25 A. It was introduced to me as a tool. I couldn't

01:44:55 1 A. The tools group. The tools group.

01:44:59 2 Q. What is the tools group?

01:45:04 3 A. What do you mean what is the tools group? You  
01:45:06 4 mean -- can you be more specific, please.

01:45:11 5 Q. If you were to describe to your friend what the  
01:45:16 6 tools group at Pixar is, how would you describe it?

01:45:22 7 A. They make our internal tools.

01:45:25 8

██████████ █

01:45:30 10 A. They make the -- our internal tools.

01:45:32 11 Q. What are your internal tools?

01:45:34 12 A. They're the tools that we use to make films.

01:45:41 13 Q. What are some of the tools that you use to make  
01:45:43 14 films?

01:45:46 15 A. I'm not that close to what they create. I  
01:45:53 16 don't know.

01:45:54 17 Q. Does it mean proprietary software that Pixar  
01:45:58 18 has?

01:46:08 19 A. Yes. I'm sure it includes proprietary  
01:46:13 20 software.

01:46:16 21 Q. So the tools group comprises of software  
01:46:21 22 engineers?

01:46:24 23 A. There are definitely software engineers in the  
01:46:26 24 group.

01:46:26 25 Q. Who else is included in the tools group?

01:46:32 1 A. There are a couple of different job titles --  
01:46:41 2 actually, can I just refer back and read some of them?

01:46:45 3 Q. Sure.

01:46:46 4 A. Great. Software engineer, PNG software  
01:46:56 5 engineer, senior software engineer, Menve support  
01:47:05 6 engineer.

01:47:05 7 (Reporter clarification.)

01:47:05 8 THE WITNESS: Menve, M-E-N-V-E.

01:47:09 9 Those are some examples.

01:47:14 10 MS. CISNEROS: Q. Thank you.

01:47:17 11

01:50:50 21 MS. CISNEROS: This needs to be marked as an  
01:51:44 22 exhibit. It's PIX00012996.  
01:52:06 23 THE REPORTER: Exhibit 1306.  
01:52:16 24 (Whereupon, Exhibit 1306 was marked for  
01:52:16 25 identification.)

01:52:45 1 MS. CISNEROS: Q. So I'm going to just  
01:52:46 2 read this, which is pretty consistent with -- it's  
01:52:51 3 an email from Howard Look to Lori McAdams and Ed  
01:52:55 4 Catmull and Ali Rowghani.

01:52:59 5 Do you have that document in front of you?

01:53:01 6 A. Yes, I do.

01:53:02 7 Q. "This new market data corroborates what we've  
01:53:05 8 been feeling about the bay area tech market heating up,  
01:53:08 9 and helps partially explain why the recruiting has been  
01:53:11 10 so hard, and why we've lost two other people to tech  
01:53:15 11 companies."

01:53:16 12 So is this consistent with your understanding  
01:53:20 13 of the pressures that --

01:53:24 14 A. Let me just finish reading it.

01:53:26 15 Q. Sure.

01:53:26 16 A. Just one second, please.

01:53:32 17 Q. You only need to read that part of it. You  
01:53:34 18 don't need to read the whole thing because I don't have  
01:53:36 19 any questions about the rest of it.

01:53:39 20 A. I'll just read the Howard portion.

01:53:40 21 MS. HENN: You can read as much as you feel you  
01:53:42 22 need to read.

01:53:43 23 THE WITNESS: I actually read the rest of it.

01:53:47 24 Thank you very much, though. I appreciate it.

01:54:02 25 MS. CISNEROS: Q. Can you read the rest of

02:35:55 1 A. Couple more pages. Thank you.

02:37:11 2 Q. Okay. Start with the cover page. So I see  
02:37:15 3 your name here on the presentation called Salary  
02:37:19 4 Analysis. Were you involved in drafting this  
02:37:24 5 presentation?

02:37:24 6 A. Yes.

02:37:27 7 Q. Okay. What was your role in drafting it?

02:37:34 8 A. Mark Joseph and myself did the work that you  
02:37:38 9 see in this document.

02:37:45 10 Q. What work did you do, specifically?

02:37:49 11 A. We carved it up -- we carved up the work, and  
02:38:04 12 then we worked on many pieces together.

02:38:08 13 Q. What pieces of -- which of the carved pieces  
02:38:11 14 landed on your plate?

02:38:22 15 A. Do you want to go page by page?

02:38:24 16 Q. Just generally, can you characterize it?

02:38:27 17 A. The Salary Survey information was mostly mine.  
02:38:41 18 We did University Relations together. I don't remember  
02:38:42 19 who did Turnover Activity. Impact of Ongoing  
02:38:47 20 Compensation Activities, he did some, I did some. And  
02:38:56 21 then the Average Salary Growth over Time was -- and the  
02:39:01 22 salary costs were mostly him.

02:39:06 23 Q. Okay. Why was the presentation created?

02:39:10 24 A. We were just taking a look at our salaries. We  
02:39:17 25 had hit the economic crisis, and we were just looking at

02:39:24 1 our business, and the salary portion of our business,  
02:39:28 2 with fresh eyes.

02:39:37 3 Q. Who was the audience for this presentation?

02:39:47 4 A. Mark and I put it together. Lori McAdams and  
02:39:58 5 Ali Rowghani, I believe, were the people who asked us to  
02:40:03 6 do the work. And I know they each saw the finished  
02:40:09 7 product. I don't know where it went after that.

02:40:17 8 Q. So am I correct, did you present it at an event  
02:40:22 9 or a meeting?

02:40:24 10 A. No. We sat in Lori's office first and Ali's  
02:40:30 11 office second and discussed it, but we never presented  
02:40:33 12 it. There was no -- were you describing a screen?  
02:40:36 13 There was no screen.

02:40:39 14 Q. Did Lori present it to somebody?

02:40:41 15 A. I do not know.

02:40:46 16 Q. Well, let's look at page 2.

02:40:48 17 A. Okay.

02:40:49 18 Q. Executive Overview.

02:40:51 19 A. Uh-huh.

02:40:52 20 Q. [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

02:41:21 1

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02:43:33 1

Q. [REDACTED]

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[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] Core turnover, in this case, in this

02:43:51 7

document, means that we did not include, for example,

02:43:57 8

interns. The nature of our intern program is you come,

02:44:01 9

you be an intern, and then you go back and finish your

02:44:05 10

degree.

02:44:08 11

So when we were looking at the data that was

02:44:11 12

going into this document, we did not -- and we were

02:44:15 13

looking at turnover specifically, we did not include

02:44:19 14

interns and undergraduates.

02:44:24 15

Q. So core turnover is the turnover of employees

02:44:27 16

at Pixar who were not interns or undergraduates?

02:44:32 17

A. Temporary, casual. Basically benefited

02:44:36 18

full-time employees.

02:44:38 19

Q. Okay. So my understanding is that core

02:44:43 20

turnover is the turnover that occurs amongst benefited

02:44:48 21

employees?

02:44:49 22

A. Yes. In this document, that's what that means.

02:44:53 23

Q. In that document. And the benefited employees

02:44:55 24

may be full-time or part-time?

02:44:59 25

A. We have a threshold of 20 hours a week or more,

02:59:13 1 know when that was.

02:59:21 2 Q. What is the Fac/Luxo/Sec group? And maybe  
02:59:28 3 that's shorthand and you can explain.

02:59:31 4 A. It is. It's a combination of three facilities  
02:59:37 5 is the F-A-C; Luxo is the cafe staff; and S-E-C stands  
02:59:44 6 for security, and that's our safety and security team.

02:59:49 7 Q. So am I correct that this group includes all  
02:59:59 8 employees -- facilities employees, cafe staff, and  
03:00:04 9 security and safety team employees?

03:00:08 10 A. Yes.

03:00:10 11 Q. Okay. Finance. Finance group includes all  
03:00:15 12 employees in the finance department?

03:00:19 13 A. Finance and accounting. Some people think of  
03:00:21 14 them separately, but yeah. The finance and accounting  
03:00:23 15 team.

03:00:27 16 Q. So the finance group includes all employees in  
03:00:29 17 the finance and accounting teams?

03:00:32 18 A. Yes.

03:00:33 19 Q. And that's been consistent throughout your  
03:00:36 20 tenure?

03:00:38 21 A. The finance team does not include production  
03:00:41 22 finance in this graph. The finance team only includes  
03:00:47 23 operational finance and accounting.

03:00:52 24 Q. Okay. From 2005 to 2007, what -- what  
03:01:01 25 employees consisted of the finance group?

03:01:07 1 A. Mostly the financial and accounting people with  
03:01:11 2 the exception of production finance. Not counting  
03:01:15 3 production finance, all other financial employees and  
03:01:19 4 accounting employees would fall into the finance  
03:01:22 5 category described here.

03:01:26 6 Q. That was your testimony as to 2005 through  
03:01:29 7 2009. I'm just seeing it pop up on the transcript as  
03:01:33 8 2007, but I believe I asked 2009 and I want to --

03:01:36 9 A. You did say 2007, but the answer is the same  
03:01:39 10 for both.

03:01:41 11 Q. I must not be speaking --

03:01:43 12 A. Glad I'm not the only one.

03:01:50 13 Q. So now we're at HR.

03:01:55 14 A. Shall I just hop in there?

03:01:56 15 Q. Yeah. Just hop in there.

03:01:57 16 A. Okay. HR stands for human resources. R-E-C-R  
03:02:03 17 stands for recruiting, P-U stands for Pixar University,  
03:02:08 18 and A-R-C stands for archive.

03:02:12 19 Q. And all of those entities are teams comprised  
03:02:19 20 of one group?

03:02:20 21 A. For this presentation, we put those teams  
03:02:23 22 together.

03:02:25 23 Q. Okay. Well, are these groups right here, then,  
03:02:35 24 created specifically for the presentation or are they --

03:02:39 25 A. When you say "right here," do you mean the ones

03:02:42 1 HR, recruiting, is that "right here"?

03:02:51 2 Q. There is nine groups identified right here.

03:02:52 3 A. Yes.

03:02:53 4 Q. Do these groups have any meaning, as far as HR

03:02:55 5 policy and practices go, outside of the graph that you

03:03:00 6 put together?

03:03:02 7 MS. HENN: Objection. Vague.

03:03:06 8 THE WITNESS: Can you rephrase, please.

03:03:11 9 MS. CISNEROS: Q. Earlier we talked about

03:03:12 10 job families and job groups. Are these job families

03:03:17 11 or job groups, or are these just groups you created

03:03:20 12 for the presentation?

03:03:22 13 A. I understand now. Thank you.

03:03:24 14 These are groups that exist as groups outside

03:03:27 15 of this presentation.

03:03:29 16 Q. Oh, they do. Are they job families?

03:03:35 17 A. Job groups. Yes.

03:03:37 18 Q. Job groups. Okay.

03:03:42 19 So HR, Recruiting, Pixar University and

03:03:44 20 Archives consist of one job group?

03:03:47 21 A. No. Consist of four job groups.

03:03:51 22 Q. Oh, four different job groups. Okay.

03:03:54 23 So then -- yeah. That makes sense. So

03:03:57 24 facilities is one job group, cafe is another job group?

03:04:05 25 A. (Nonverbal response.)

03:22:11 1 to retain them.

03:22:15 2 Q. Does Pixar track employees that it is  
03:22:21 3 particularly interested in retaining?

03:22:25 4 A. No. We don't have any -- well, I have not done  
03:22:29 5 an analysis that tracks desirable and undesirable  
03:22:39 6 current active employees. This is -- for me, this is  
03:22:42 7 the only time that I have tracked this, and that was  
03:22:46 8 with a termination.

03:22:49 9 Q. So to your knowledge, Pixar, to the extent  
03:22:56 10 certain employees are considered by their managers to be  
03:23:01 11 especially desirable, there is no systematic way, at  
03:23:08 12 least from your perspective as compensation, of knowing  
03:23:12 13 that -- the identities of those employees?

03:23:20 14 A. Um....

03:23:20 15 Q. Maybe I'm wrong and there is a way.

03:23:28 16 A. Let me think for a moment. Because we do track  
03:23:32 17 employees who are struggling or needing improvement. So  
03:23:43 18 we track the people who are perhaps on Performance  
03:23:58 19 Improvement Plans. Yes, we do track that.

03:24:05 20 Q. Do you track the rock stars?

03:24:10 21 A. We have a ranking process, and that's where we  
03:24:17 22 identify people who are struggling and the people who  
03:24:20 23 are -- how they're performing all along the spectrum  
03:24:25 24 from rock star to struggling.

03:24:28 25 Q. Okay. At any time from 2005 through 2009, did

03:24:54 1 Pixar use monetary awards to retain employees?

03:25:00 2 A. I can't speak to anything prior to my starting.

03:25:06 3 Q. During your tenure at Pixar, has Pixar used

03:25:09 4 monetary awards to retain employees?

03:25:15 5 MS. HENN: Objection. Vague.

03:25:17 6 THE WITNESS: Can you define monetary awards,

03:25:18 7 please.

03:25:19 8 MS. CISNEROS: Q. Compensation.

03:25:23 9 A. Could you be a little more specific.

03:25:25 10 Compensation is so broad.

03:25:30 11 Q. Any special -- just one moment.

03:26:01 12 Has any particular form of compensation,

03:26:06 13 benefit, salary, stock options, been used for the

03:26:12 14 specific purpose of retaining a particular employee?

03:26:24 15 A. You gave me four choices. What was the first

03:26:26 16 one? I'll try to handle them one at a time instead of

03:26:29 17 answering them in a blob, which I don't think I could

03:26:32 18 answer.

03:26:33 19 Q. Any form of compensation is the first one.

03:26:37 20 Benefits.

03:26:39 21 A. Benefits, no. So for benefits, to my

03:26:42 22 knowledge, our benefits package is standard across all

03:26:48 23 employees. So I don't believe there is anything from a

03:26:50 24 benefits perspective that we have offered to someone to

03:26:55 25 retain them. Not that I recall.

03:27:04 1 What was the second thing?

03:27:05 2 Q. Salary. So any salary adjustments that have  
03:27:07 3 been made to retain a particular employee?

03:27:14 4 A. On occasion we will have someone outside of the  
03:27:21 5 merit process, which is where we do our increases. We  
03:27:26 6 will recognize that they are game changer -- a game  
03:27:31 7 changer, I guess, and we will realize that we definitely  
03:27:37 8 want them to stay without any inkling that -- they may  
03:27:44 9 be perfectly happy. We proactively could, and have on  
03:27:51 10 occasion, very often, given them an off-cycle increase.

03:28:07 11 Q. How often did that happen on a year-to-year  
03:28:15 12 basis from 2005 to 2009?

03:28:18 13 A. I came at the end of 2005, so -- and I was only  
03:28:22 14 brought on for salary increases. So I wasn't involved  
03:28:24 15 in that until --

03:28:25 16 Q. Okay. 2006.

03:28:26 17 A. -- probably until partway through 2006.

03:28:31 18 But in my tenure, we probably -- total  
03:28:35 19 off-cycle increases, four, five, maybe six, per year.  
03:28:45 20 They're not normal.

03:29:01 21 What was the third item? Are we done with the  
03:29:03 22 second item on your list of four?

03:29:07 23 Q. I still want to ask a question.

03:29:08 24 A. Sorry. Did not mean to rush you.

03:29:16 25 Q. How do these off-cycle processes typically

03:29:21 1 happen?

03:29:22 2 A. Usually the manager will come to me or to my  
03:29:28 3 boss, Lori, and tell us, you know, exactly what I've  
03:29:36 4 already described. This person is a game changer, I'd  
03:29:41 5 really like to increase their salary. If it makes sense  
03:29:50 6 to the three of us, Lori, manager, me, then we do the  
03:29:54 7 off-cycle increase, we get the approvals, and we  
03:30:00 8 implement it.

03:30:04 9 Q. So the three of you make that decision?

03:30:10 10 A. (Nonverbal response.)

03:30:11 11 MS. HENN: You need to --

03:30:12 12 THE WITNESS: Yes. Sorry. I was thinking.

03:30:15 13 MS. HENN: Think all you need.

03:30:16 14 THE WITNESS: No. No. Please. Keep telling  
03:30:17 15 me that.

03:30:19 16 If the manager is not a VP, then we get the VP  
03:30:22 17 approval too.

03:30:55 18 MS. CISNEROS: Q. Have the incentive --  
03:30:57 19 has the incentive program, either in cash or equity  
03:31:00 20 form, been used to award the rock star employees?

03:31:09 21 A. We're talking about long-term cash and  
03:31:12 22 long-term equity?

03:31:13 23 Q. Yes.

03:31:21 24 A. Long-term equity -- let me think. Because  
03:31:35 25 everyone received equity prior to 2009, everybody got

03:31:41 1 equity, so it's difficult to quantify that.

03:31:48 2 Q. So my understanding is, it's not really part of  
03:31:50 3 the structure of those compensation programs?

03:31:57 4 A. I'm sorry, to do what?

03:31:59 5 Q. Well, I don't want testify as to what it is or  
03:32:01 6 isn't, but --

03:32:03 7 A. No. But --

03:32:04 8 Q. Let you do that.

03:32:07 9 A. We would expect -- I would expect those people  
03:32:10 10 who are rock stars to get more equity when we were  
03:32:20 11 giving equity, or more cash now that we're giving cash,  
03:32:23 12 within the guidelines. They might be just at the higher  
03:32:27 13 end of the guideline versus the lower end. But that  
03:32:29 14 would be in the regular process. It wouldn't be  
03:32:32 15 anything outside of the regular process, so....

03:32:42 16 Q. Okay.

03:32:43 17 A. That, from a long-term incentive perspective.  
03:32:46 18 And I think you said short-term perspective. Short-term  
03:32:50 19 incentive, to my knowledge, no. Our short-term film  
03:32:56 20 bonus program is -- there is not really an opportunity  
03:33:02 21 there to over-reward. It's much more everybody  
03:33:08 22 getting -- following the same guidelines.

03:33:13 23 Q. Circling back to the off-cycle increases.

03:33:18 24 A. Uh-huh.

03:33:20 25 Q. What impact did attrition have or concerns

03:33:26 1 about possible attrition in giving these off-cycle  
03:33:33 2 awards?

03:33:34 3 A. It didn't really, because there were so few  
03:33:37 4 given out. I think we had, what, 900 employees and we  
03:33:43 5 gave out four or five or six. So it's not -- it's not a  
03:33:49 6 vehicle for that.

03:33:51 7 Q. A vehicle for what?

03:33:52 8 A. Your attrition question.

03:33:55 9 Q. Did the managers ever communicate with you  
03:33:58 10 directly about why they were seeking a -- an off-cycle  
03:34:05 11 increase?

03:34:06 12 MS. HENN: Objection. Asked and answered.

03:34:10 13 THE WITNESS: Usually they come to me because  
03:34:12 14 they are proactively taking care of an employee. And  
03:34:21 15 then we would do the off-cycle increase if it made sense  
03:34:25 16 to all the approvers involved.

03:34:30 17 MS. CISNEROS: Q. Has anybody ever left  
03:34:31 18 shortly after receiving an off-cycle increase?

03:34:35 19 A. I don't know. Off the top of my head, I don't  
03:34:37 20 know.

03:34:39 21 Q. Okay. Are you aware, in any of those cases,  
03:34:42 22 whether the person who was awarded an off-cycle increase  
03:34:46 23 was considering leaving Pixar and had an offer  
03:34:50 24 elsewhere?

03:34:58 25 A. No one ever told me -- not to my recollection

03:35:01 1 did anyone ever tell me that they were looking to give  
03:35:04 2 an off-cycle increase because an employee was interested  
03:35:08 3 in leaving.

03:35:10 4 Q. So nobody told you one way or another?

03:35:16 5 A. Usually when a manager comes to me for an  
03:35:19 6 off-cycle increase, none of them, in my recollection,  
03:35:23 7 have ever said they're giving it because they are trying  
03:35:29 8 to keep someone from leaving Pixar.

03:35:34 9 Q. Have any of them ever told you that that is not  
03:35:38 10 the reason?

03:35:39 11 A. No one has ever told me that is not the reason.

03:35:44 12 Q. Okay.

03:35:45 13 A. To my -- to my recollection.

03:35:54 14 MS. CISNEROS: Okay. I'd like to have tab 35.

03:36:44 15 Q. Does Pixar ever create -- okay. Let me give  
03:36:48 16 this a little context. Before we talked about a  
03:36:50 17 leveling matrix that you pointed out was a Radford  
03:36:55 18 leveling matrix; does Pixar ever create its own leveling  
03:36:59 19 matrix -- matrices for HR purposes?

03:37:10 20 A. Not that I can remember.

03:37:12 21 Q. Okay.

03:37:24 22 MS. HENN: Counsel, you brought up earlier  
03:37:26 23 today your concern that this deposition might go over  
03:37:29 24 time, and at the time you were concerned that the  
03:37:32 25 witness was spending a lot of time reading documents.

03:37:34 1 I'd just like to make a record, quickly, that  
03:37:37 2 this deposition has been a very slow pace, and that you  
03:37:40 3 are taking a very long time to formulate questions and  
03:37:43 4 move through documents.

03:37:45 5 And I know the written record won't reflect  
03:37:48 6 that, the video, of course, will. And I'll stop talking  
03:37:51 7 now, but I just think it would be helpful if we can move  
03:37:54 8 along, especially if you are concerned about not getting  
03:37:57 9 through all your questions.

03:38:38 10 MS. CISNEROS: Q. Okay. I'll give this to  
03:38:39 11 you.

03:38:45 12 This is -- needs to be marked as an exhibit.

03:38:58 13 THE REPORTER: Exhibit 1309.

03:39:00 14 (Whereupon, Exhibit 1309 was marked for  
03:39:00 15 identification.)

03:39:25 16 MS. CISNEROS: Q. Because this is an  
03:39:26 17 email, I found it most helpful to read from the  
03:39:30 18 bottom.

03:39:34 19 A. Okay. Thank you.

03:39:35 20 Q. From the back through --

03:39:36 21 A. Got it.

03:39:38 22 Q. -- up through the top.

03:39:39 23 A. Back forward. Back forward?

03:39:43 24 Q. Yeah.

03:39:44 25 A. Okay. Thank you.

03:42:44 1 Q. Okay?

03:42:44 2 A. Yeah. Thank you.

03:42:45 3 Q. Thanks. I'm going to read the part of the  
03:42:47 4 email that I'm most interested in. It's from Howard  
03:42:49 5 Look to Lori McAdams. And the subject is New Tools  
03:42:54 6 Leveling, and Salary Proposals.

03:42:57 7 It goes, "Hi Lori, As requested, here are the  
03:43:01 8 new Tools Software Engineer leveling matrix, as well as  
03:43:05 9 our proposal to do some out-of-cycle adjustments for our  
03:43:10 10 under-paid engineers.

03:43:11 11 "The goal of the leveling matrix is to give us  
03:43:14 12 a consistent framework for evaluating the expected  
03:43:16 13 contribution of our software engineers. It also makes  
03:43:20 14 it much easier to compare ourselves against the Radford  
03:43:24 15 survey.

03:43:25 16 "The goal of this new salary proposal is to  
03:43:28 17 compensate the lowest paid team-members who are  
03:43:31 18 performing at the highest levels. This is a  
03:43:33 19 'pre-emptive strike.' We want to send a clear message  
03:43:37 20 to these engineers that we value them at least as much  
03:43:41 21 as some new hires who are seeing much more competitive  
03:43:45 22 offers from other companies."

03:43:50 23 So my first question here is, having heard this  
03:43:55 24 email read out loud, are -- is it ringing a bell as far  
03:44:00 25 as the use of leveling matrix -- matrices for

03:44:07 1 compensation purposes at Pixar?

03:44:12 2 A. I did not know a leveling matrix existed and  
03:44:15 3 that Howard Look put one together. So I have never seen  
03:44:20 4 it, and -- when was this? August 16, 2006, I was not in  
03:44:32 5 the job of looking at salary data at that time, hence  
03:44:35 6 that's probably why I'm not on the email. I didn't know  
03:44:38 7 that existed.

03:44:42 8 Q. Is Howard Look still with the company?

03:44:43 9 A. No.

03:44:46 10 Q. Okay. What was -- do you know what his job  
03:44:50 11 title was when he was at Pixar?

03:44:54 12 A. I don't. I know he was in charge of technical  
03:44:58 13 development/tools team, but I don't know his title.

03:45:01 14 Q. Okay. My other question is here, on the second  
03:45:26 15 paragraph, Howard talks about the goal is to send a  
03:45:33 16 message -- is to adjust some of these salaries,  
03:45:36 17 apparently possibly upward, at least for those who are  
03:45:42 18 under-compensated, to send a message that they're valued  
03:45:47 19 as much as other new hires who may have been hired at a  
03:45:52 20 higher salary level.

03:45:55 21 During your tenure, has anything like this ever  
03:45:58 22 happened?

03:45:59 23 MS. HENN: I'm just going to object. I'm not  
03:46:01 24 sure you meant to be quoting the document, but what you  
03:46:04 25 were just reading was not what the document said. Some

05:00:31 1 salary pool at a certain level, and some of the salary  
05:00:42 2 chatters, is what we call them, were concerned that we  
05:00:47 3 had not communicated what the pool was, and hence they  
05:00:53 4 would be communicating it for the first time. And we  
05:00:55 5 elected to [REDACTED]

05:01:04 6 Q. When did that happen?

05:01:15 7 A. I can't tell you the exact year. I know it was  
05:01:18 8 before 2009, but I don't remember if it was '06, '07,  
05:01:26 9 and '08. And I wasn't employed for '05. 2005, that is.

05:01:38 10 Q. What were the salary chatters saying?

05:01:47 11 A. They were concerned about communicating  
05:01:53 12 something that had not been widely communicated before.  
05:01:58 13 So they would be telling the employee what -- that they  
05:02:05 14 would be getting a certain percentage increase. I  
05:02:12 15 think

05:02:18 16 Q. What was that something that hadn't been  
05:02:19 17 communicated before?

05:02:22 18 A. We had taken the merit pool down, I believe, a  
05:02:27 19 percentage, or half a percentage that year. And it was  
05:02:31 20 different than what our employees had typically  
05:02:33 21 received, and the salary chatters were concerned that  
05:02:39 22 they would be communicating that. So we put it back to  
05:02:42 23 where it was, and then we communicated it through the  
05:02:48 24 company meetings I described earlier.

05:02:53 25 Q. Okay. And so this -- you are referring to the

05:02:55 1 merit pool that determines the salary increases --

05:02:59 2 A. Yes.

05:02:59 3 Q. -- for groups of employees.

05:03:04 4 So the -- there was -- I just want to make sure

05:03:07 5 I'm understanding what happened. But the chatters

05:03:10 6 thought that -- or let me back it up.

05:03:16 7 The plan for the -- the compensation team had a

05:03:22 8 plan to reduce the merit increase pool by a certain

05:03:26 9 percentage. The chatters thought that that hadn't been

05:03:31 10 communicated, so they were on the cusp -- they did

05:03:36 11 communicate that information?

05:03:37 12 A. They did not.

05:03:38 13 Q. They were on the cusp of doing so, and the

05:03:40 14 compensation team backed off and said no, we're going to

05:03:43 15 step back and not decrease the merit pool in the manner

05:03:49 16 that we had planned to do so beforehand?

05:03:52 17 A. Yeah. The merit pool is determined with human

05:03:56 18 resources and finance together, it's not really the

05:03:58 19 compensation team, but yes.

05:04:02 20 Q. Okay. So that's an incident that you cite

05:04:08 21 where the concern about employee morale affected actions

05:04:14 22 taken by the compensation team or the decision makers

05:04:17 23 regarding compensation?

05:04:18 24 A. Yes.

05:04:21 25 Q. Thank you. Are there any other examples that

05:04:24 1 come to mind?

05:04:26 2 A. That's the only one that's popped into my head.

05:04:38 3 At this time I can't recollect another one.

05:04:42 4 Q. Is there any way we might find out when that  
05:04:45 5 happened? I know you were having a hard time  
05:04:49 6 remembering exactly which year, and that's  
05:04:51 7 understandable.

05:04:54 8 A. Pre-2009 is all I can confirm for you.

05:05:01 9 Q. It --

05:05:03 10 A. 2006, '07, or '08. I'm sorry. I just --

05:05:07 11 Q. That's fine. Sometime during the class period.

05:05:13 12 Can we go off the record for a moment? I want  
05:05:16 13 to see how much time we have.

05:05:18 14 THE VIDEOGRAPHER: We're going off the record  
05:05:20 15 at 5:05 p.m.

05:05:22 16 (Recess taken.)

05:06:01 17 THE VIDEOGRAPHER: We're back on the record at  
05:06:03 18 5:06 p.m.

05:06:08 19 MS. CISNEROS: Q. Have you ever been aware  
05:06:09 20 of any agreements between Pixar and Lucasfilms to  
05:06:14 21 restrict recruitment of each other's employees?

05:06:17 22 A. Yes.

05:06:19 23 Q. When did you learn of that agreement?

05:06:23 24 A. I remember hearing it for the first time at  
05:06:35 25 some point during my career at Lucasfilm. I was not in

1 I, Gina V. Carbone, Certified Shorthand  
2 Reporter licensed in the State of California, License  
3 No. 8249, hereby certify that the deponent was by me  
4 first duly sworn and the foregoing testimony was  
5 reported by me and was thereafter transcribed with  
6 computer-aided transcription; that the foregoing is a  
7 full, complete, and true record of said proceedings.

8 I further certify that I am not of counsel or  
9 attorney for either of any of the parties in the  
10 foregoing proceeding and caption named or in any way  
11 interested in the outcome of the cause in said caption.

12 The dismantling, unsealing, or unbinding of  
13 the original transcript will render the reporter's  
14 certificates null and void.

15 In witness whereof, I have hereunto set my  
16 hand this day: March 15, 2013.

17 \_\_\_X\_\_\_ Reading and Signing was requested.

18 \_\_\_\_\_ Reading and Signing was waived.

19 \_\_\_\_\_ Reading and signing was not requested.

20

21

22

23

GINA V. CARBONE

24

CSR 8249, CRR, CCRR

25